

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6446

BILL NUMBER: HB 1067

NOTE PREPARED: Dec 21, 2009

BILL AMENDED:

SUBJECT: Vigo County Innkeeper's Tax.

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill increases the maximum Vigo County innkeeper's tax rate that may be imposed by the county council from 5% to 8%. The bill phases in the increase over six years.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill would raise the maximum tax rate in Vigo County by a half-percent per year until reaching 8% in CY 2016. The tax rate is currently 5%. The following table illustrates the estimated revenue impact of the proposed rate increases over the current 5% rate. Estimates were generated from the implied tax base beginning in CY 2010 of \$22.6 M and the State Revenue Forecast percent growth in state Sales Tax over FY 2010 and 2011.

The effective date of the bill would allow the county at least six months to prepare for tax collections at the new rate beginning January 1, 2010.

Calendar Year	Proposed Maximum Rate	Rate Increase over 5%	Additional Revenue from Annual 0.5% Rate Increase
2011	5.5%	0.5%	\$117,706
2012	6%	1.0%	\$127,123
2013	6.5%	1.5%	\$137,104
2014	7%	2%	\$147,681
2015	7.5%	2.5%	\$158,884
2016	8%	3%	\$170,748
TOTAL		3%	\$859,246
*Note- Revenue estimates based on the estimated percent growth of state Sales Tax from the most recent State Revenue Forecast (4% per year from FY 2011 onward)			

Background- Vigo County Innkeeper's tax rate has been at 5% since FY 2005. Vigo County collected \$1.2 M in Innkeeper's tax in FY 2009. The tax revenue is used to maintain a sports and recreation facility in the county.

State Agencies Affected:

Local Agencies Affected: Vigo County.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*; State Revenue Forecast December 15, 2009.

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